☰

RANDY MARTIN 2015-12-05

WHOSE CRISIS IS THAT? THINKING FINANCE OTHERWISE

ECONOFICTION CAPITAL, DERIVATE, FINANCE

By now the pliant is all too familiar. They were the smartest ones in the room. They had
invented the game and perfected the equipment required to play it. They had convinced regulators, investors, accountants, journalists, consumers – all the relevant participants – that theirs was the way of the world. They had the track record to prove it, the returns to justify it, the bonuses to affirm it. But suddenly, in the course of a few weeks, it all fell apart. The gleaming towers, houses of cards, the spectacular castles made of sand, revenue streams parched riverbeds, mountains of sophisticated contracts worthless paper – the metaphors were chanted repeatedly in an anesthetizing mantra. The great vision so many had bought looked so obviously contrived in hindsight. How could they not have seen the collapse coming? What made them think their schemes could last? How could their knowledge have failed them so? These questions were posed by the innocent bystanders in tones of righteous indignation and surprise.

But this script of meteoric rise and precipitous fall of best and brightest had already been written and performed many times over. The iteration applies not only to the present fiasco, and the wizards at Bear Stearns, the house of Lehman, or A.I.G., but was said of other boardrooms that broke big. Think Enron, Long Term Capital Management – and that's just going back a decade to similar debacles soon forgotten and only now appearing smaller in scale. The sterling credentials of presidential intimates and Nobel Prize winners weren't enough to keep their ships afloat. Thousands of lives were disrupted, rescues were required, investigations were commissioned, remedies were proposed. Some were punished or shamed, but the instruments for isolating, pricing and trading in risk returned, the markets in derivatives flourished, the factories of financial machination soon began to hum again. Indeed, between the fall of Enron at the end of 2001 and the subprime meltdown some six years later, over-the-counter derivatives increased roughly fivefold to over a half trillion dollars. The implosion of energy futures gave license to a take-off in innovation of financial intellectual properties that made the universes of the previous masters seem small indeed. With the Citibank brain trust that had helped engineer the new financial order in disrepute, Jamie Dimon, head of the equally culpable but bullishly victorious JP Morgan Chase, now the one to whisper explanations in the president's ear. "No worries. You can have your money back now. Let's press the reset button". How could such intelligence prove so dumb?

Maybe it's time to get over the surprise. The swings of moralistic discovery and subsequent amnesia of capital's ups and downs can seem as much a naturalization of the business cycle that presents crisis as a requirement to restore the order of private

wealth as a momentary fretting over how things got this way (again). If there is something to be learned (and taught) of this crisis beyond the paeans and pains of business selfinterest, it might be more useful to ask what it means for everyone else. Rather than letting capital off the hook, exploring what the financial maelstrom means for labour can focus attention more comprehensively on how to think about the implications of novelty and range of political responses that can be placed under consideration. If capital is, in effect, continuously in crisis or bringing the world to crisis as it destroys the very firmament that had created it, the more salient class crisis is that of those who have worked to produce the wealth the private ownership can neither sustain nor live without – that is to say the millions of knowledge workers pressed into the service of this particular interest, namely, the professional managerial class. Whether it was ever disinterested, professionally credentialed expertise is subject to norms of productivity not of its making, while the managers are themselves the minions of an intensively managed existence. The failure of intelligence to master the world may turn out to be a condition not simply of a few rarefied board rooms, but of a more general problem for the work of subjecting the world to the powers of cognition that purportedly lie at the heart of what has been touted as a knowledge society. What if it is not just a few smarties whose ambitions got away from them, but smartness itself that once could confidently rule its specialized domain, but now, asked to deliver on behalf of ceaseless accumulation, cannot command the world according to its perquisites and methods.

Herein lies a deeper dilemma in the prevailing means for generating social wealth. Capital demands knowledge but cannot know itself. It cannot produce the facts that run its machinery of circulation. It generates an expertise it cannot abide. But the experts, once promised with self-rule over their technical domain have become instrumentalized not to the dictates of disciplinary reason, but to the demands of productivity, they have traded internally established norms of merit for generally accountable measures of excellence. To be the best is to make the most. Yet there is a persistent complicity, a passing that must be accomplished between professionals to keep the machinery of facticity in motion. No longer able to simply hew to the protocols of training and do one's own work, professional labour is increasingly dependent on the work of others outside its own quarters. Now large slabs of the professional division of labour are insinuated in the specialist's workbench. The accountant must certify the soundness of the analyst's numbers without calling into question their purpose, lest they be dismissed as the bearers of bad news. The journalist must protect the sources that rely on news and the veracity of events by which financial decisions get made or else they will lose the access that gives them something that they can privilege as information. Expertise thus relies on something outside itself, a constitutive externality, a generative closet whose secrets it keeps in order to formulate its own claims. Perhaps its true that Alan Greenspan missed the flaw in his theory of market activity or didn't adequately understand the mathematics that yielded the complex financial instruments of doom, but he certainly knew that his pronouncements of economic good health were words of encouragement for their ears, words that their own efforts dare not contradict.

Far from being alone, autonomous, self-reliant, as the classic mythos of the professions would have it, these peerages craft their truths from spaces of mutual negativity, from reliances they must live but cannot fully name, authorities they must report to but can never fully address. What has been addressed as a crisis of capital may in this respect turn out to be the harbinger of a shattering of a particular conception of labour, here the work of knowing that cannot reproduce itself on the terms of its training, its promise to secure a niche unto itself. More broadly, if professional intelligence proves insufficient to govern its own conventions, we may be looking at a crisis of knowledge work that poses its own questions of how to make knowledge work. If the analysts of finance share a predicament with other professionally credentialed knowledge makers, then we may be faced with more than a regulatory reform or curriculum review, but a more general rethink of what makes this knowledge and with it, a reconsideration of the very conception of the professional school that has come to dominate higher education. The professions had been crafted as a mutation from the liberal ideals of education as providing its own ends. Their education would pursue a specialized technical mastery, which they alone could measure. In a twist on Weber's tale of disenchantment, subsequently all kinds of education would undergo this professional turn, and be subject to accounts of measurable outcome and efficacy in the marketplace – a standard universalized to undermine the independence and disinterestedness of the very professional norms on which they were based. The insistence that learning must be for something other than itself must demonstrate its utility and make itself an outcome in anticipation of this generalized purposiveness. Perhaps it is not the presence of such a demand for assessable relevance that lies at the root of the problem, but the criteria of evaluation and the greater sense of purpose. Hopefully, that is something which can now be placed on the collective agenda. What is it about the present crisis that might lead us in such a direction?

All this knowledge was once supposed to sustain its place in the world by being selfinterested, concerned with its own perfection, attentive to its own judgement. Such would be the foundation of its objectivity, the milk of its legitimacy. But such innerfocus no longer makes the grade. Rather than creating a secure cache of mandarins, the entanglement of knowledge work with capital signalled by financialization presents itself as if now everyone is an expert; all must manage their existential portfolio. Each bit of information is as much a source of suspicion as of opportunity, of doubt as of trust. Bits of knowledges from myriad addresses of expertise rain down upon the minions of a managed world, inviting each of its subjects to profit from minor differences in a gambit of endless arbitrage. The old adage of professional selffashioning, "be true to your work and your work will be true to you", bumps up against a larger mandate to pay attention to the work of others to see what you need to know of it. What do you need to be partial to in order to add value, appreciate, expand. These affinities are volatile and the shifting allegiances that they advertise only encourage a vigilant pursuit of marginal improvement that abets a condition of hyperactive exchange that can only advance volatility. Management has long been understood to beget more management, the scrutiny of each action as if it could yield more underwrites a basal dissatisfaction of what currently transpires and fosters surveillance

without limit. Risk management first offered to defer unwanted outcomes, converts any outcome to a gain over what otherwise would be expected – effectively generating more of its own
materia prima.

To be driven by the expectation of unexpected gain is to be subsumed within the logic of risk, the gift that finance's reign has bequeathed to those directed to follow it to glory. This constant attention to an outside, to the swirl in which the value of what one can make gets realized, assayed, adjudged also speaks to what financialization has wrought, not only the intersection between a recombinant capital and entangled attributes of labour, but the spheres of production and circulation. While it is certainly true that financial services are a growth sector, that more firms are engaged in this activity and more employed by it, the deeper significance of rendering finance the ends of life is that its logic, that of risk management infests all human endeavour, such that even a contraction of the financial services sector in the social Darwinism of crisis would not by itself turn the tide of finance's generalizing reach. But like any force of social innovation, financialization expands what populations generate way beyond what it seeks to recoup at the bottom line. It cultivates conditions for an expanding sociality, that is the source for a greater surplus not only of wealth, but of itself. The household, the flora and fauna of cultural expression, the eco-philia by which nature is reborn as a kind of human activity, the selectivity in sexuality, the institutions for achieving deliberations of judgement along axes of church, law, policing – all these once items of a list termed social reproduction, now lie at the frontier of what current society can claim to produce.

The financial crisis emanates from the collapsed divide between production and circulation, whether homes asked to do too much work, formulae manufacturers asked to add their own value, spontaneous television millionaires covering for all the wannabes. Ironically, the name for the kind of work that seeks to govern its own circulation, further its own reproduction, get itself into the world is "producer". To be an agent of one's own distribution is to swim in the flow of finance, to act as one's own capital, to work out one's own self-representation. The mixes and mosh-ups, digital deliria, ecstatic communications, are readily diminished as lost arts of exchange, but they plainly exhibit the inscription of a derivative form. And more. The profiles by which a relative positionality of value, a ranking on a website in order of most visited, most cited, most linked, claims its own measures of expertise and valuation. At the same time, these profiles are not persons, but bundles of their attributes–shopping preferences, stock picks, blogged occupation of space, that proliferate identity as a riot of production. The point here is not to privilege one scene of innovation over another, to insist on a uniformity of practice when so much is at hand, but to mine the derivative's social operations to see what is brought to notice about the myriad novelties of association and interdependence assembled from the bricolage of a financialized world.

Whereas the mass commodities of the industrial proletariat invite a kind of mimetic valuation of practice, an avant-garde which all can follow, the arbitrage that professional managerial labour inculcates avails itself of no such fixed imitation, no simple separation of private individual and undifferentiated public realm. Rather, this derivative work engages attributes of many commodities, identities, practices, affects and reflections, blending and slicing them into differentiated but comparable entities. Further, if the figure of the originary proletariat once appeared to be a subject that could be universalized, a sameness endlessly repeated, for better and worse, the derivative logic that links professional managerial work can make no such claims for a commonality of perspective or experience, just as it would have to remain cognizant of other expressions of labour that do not fit its own profile, be they industrial, agrarian, informal, or beyond work altogether. Presumably, these partial commitments of professionals toward themselves and others would encourage not a single unitary institution of interest, but a kind of organizational hybridity, a reckoning of multipl affiliations that redirect the rampant managerial directives toward more considered ends across affinities of expertise, industry, and societal coordination.

Conventionally, the activities of social reproduction, domesticity, consumption, are treated as the expression of a kind of culture, as time lost to a fragmented community, rather than as manifestations of the associational forms of this post-autonomous knowledge labour. In this regard, what has been called the financial meltdown raises the spectre of a return to view of an understanding of class, not as a unifiable interest advancing in lock step to a singular goal, but of an associational principle now legible in the derivative form, an attribute of capital in the diffuse and composite body of professional managerial labour. When viewed through the old prism of professional autonomy, all this effort looks like anxiety, of constant comparison without reference to underlying value, a nervous glance over the shoulder to see who is looking, a squint forward to see if it's ever going to be possible to catch up, a reliance on the kindness of strangers not to pull the plug, eliminate access, call out the guards and out the impossibility that expertise can stand up to its test. When grasped through the derivative logic that financialization has sprayed across culture and misted over occupations, such uncertainties of failure are translated into an economy of risk, of gains realized and unrealizable, of futures made bruited about in a present that is not one, of an unabsorbable excess in polyrhythmic echo within and without.

The enclosure of freestanding knowledge does not seal it from others, but forces one to seep into the neighbouring plot, in a manner that demands accountability but is ultimately ungovernable. Of course this last attribute, an end to government, has been adopted as the slogan of the neo-liberal state as if it were an aim rather than a technique, as if its own work of fracturing security in the name of self-accomplishment required anything less than hyperactive intervention into the private matters of reproduction. Freeing capital from the debts of society required a refusal to recognize what separates the public will from the private interest, a commitment to manufacture the occasions of debt, whether through massive defunding, violent occupations and abandonments,

intolerance toward the victims of its schemes, the newly-born "at risk" populations for whom its risks prove unbearable.

Given the force of enclosure upon professional knowledge, one impulse would be to demand freedom from debt, to break-up the cartel by which the inner-directed peerage could assemble its truths. A debt-moratorium, an end to foreclosure, a forgiveness of loans all beckon with great appeal. Yet this emancipation would seem to rest upon a more profound encumbrance that perhaps should not be so readily dismissed. These limits on liability might better proceed by recognition of an indebtedness to mutuality, an insistence that what had pressed the multitudes together formented a sense of
interdependence, association, invigilation, that is historically unprecedented. The assembled debts are indeed massive, but also apparently discretionary. Remedying their condition, variously defined, could entail restoration, a hasty declaration of victory proclaimed from the aircraft carrier of the monetary state while the war festers, it strategic interest undetectable. The debts amount to a sudden disclosure of surplus, of enormous wealth hitherto occult whose cabal might now incorporate all manner of social need, healthcare, education, infrastructure, suddenly made affordable if only alternative claims on the vast wealth might be made.

Or, debt might reference an internal difference, a reconsideration of what risks we might value worth taking, of what self-expansion might be deserving further investment, of what labours might be treated as discretionary, able to mix speculatively with others. This last politics of self-critique is the residue of professional study, thepromise to revisit and revise knowledge in the face of what others teach us, but also to the doubled agency of risk as taking and being taken, the exchange relations that, when fit with property look like theft and when fit with creative bodily pursuits resemble something far more like pleasure. The politics of restoration and alternative are not difficult to articulate but surely harder to make come about. One would have to wait a place in the long line of experts waiting to whisper in the king's ear, or, perhaps more promisingly, to see activism coagulate in organization that is socially formative over the longue durée. The politics of difference, the intervention in the fields of knowledge drawn to self-critique have the decided benefit of being already to hand. This work of learning and teaching with all its attendant inscriptions falls upon us, it rains a recaptured and renewable resource. Studies here become an unaccountable residue which refuses to end. A drive to circulation that impels us to keep dancing after the music stops. A wealth of possibility that derives its pleasures from what it depends upon. This is a debt economy whose ashes rise as the phoenix lies still on the ground.

© 2009 ephemera 9(4): 344 – 349
taken from ephemera